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FISCAL IMPACT STATEMENT

LS 7921

BILL NUMBER: SB 535

NOTE PREPARED: Jan 13, 2005

BILL AMENDED:

SUBJECT: Worker's Compensation Advisory Board.

FIRST AUTHOR: Sen. Clark

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill establishes the Worker's Compensation Advisory Board. It specifies that the Advisory Board is subject to the Open Door Law and Public Records Act. It also reassigns the duties of the Worker's Compensation Rating Bureau to the Advisory Board, the Department of Insurance, and the Commissioner of the Department of Insurance. The bill repeals obsolete statutes concerning the powers and duties of the Worker's Compensation Rating Bureau.

Effective Date: July 1, 2005.

Explanation of State Expenditures: Under current law, every insurance company authorized to effect worker's compensation insurance in Indiana shall be a member of the Worker's Compensation Rating Bureau, and the operating expenses of the Bureau are borne equitably and without discrimination among the members of the Bureau.

Under the bill, the Worker's Compensation Rating Bureau would be replaced by the Worker's Compensation Advisory Board. The requirement for membership and expense sharing for the Advisory Board would be the same as for the Rating Bureau under current law. However, certain duties of the Bureau would transfer not only to the Advisory Board, but to the Department of Insurance and the Commissioner of the Department of Insurance. These transfers would increase administrative costs for the department. The Worker's Compensation Rating Bureau currently has 11 staff members. The extent of the administrative cost increases would depend in large part on the actions of the Department and the Commissioner.

The funds and resources required above could be supplied through a variety of sources, including the following:

(1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Background Information: On December 27, 2004, the Department of Insurance had 18 vacant positions with salaries of \$619,710.

Explanation of State Revenues: Under current law, the Worker's Compensation Rating Bureau is required to pay an annual license fee of \$100. Under the bill, the section containing this requirement would be repealed, reducing state General Fund revenues by \$100.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance; Worker's Compensation Rating Bureau.

Local Agencies Affected:

Information Sources:

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